

ELECTING A MEMBER TO A CERTAIN STANDING COMMITTEE OF THE HOUSE OF REPRESENTATIVES

Mr. CROWLEY. Mr. Speaker, by direction of the Democratic Caucus, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 39

Resolved, That the following named Member be and is hereby elected to the following standing committee of the House of Representatives:

(1) Committee on House Administration—Ms. Lofgren.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HELPING ANGELS LEAD OUR STARTUPS ACT

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous materials on the bill, H.R. 79, to clarify the definition of general solicitation under Federal securities laws, and for other purposes.

The SPEAKER pro tempore (Mr. HULTGREN). Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 33 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 79.

The Chair appoints the gentleman from Illinois (Mr. BOST) to preside over the Committee of the Whole.

□ 1408

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 79) to clarify the definition of general solicitation under Federal securities law, with Mr. BOST in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Texas (Mr. HENSARLING) and the gentleman from Missouri (Mr. CLAY) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 79, the Helping Angels Lead Our Startups Act, also known as the HALOS Act.

I remind all Members that the House passed this bill just a few months ago with overwhelming support from both Republicans and Democrats by a vote

of 325–89, Mr. Chairman, almost 4 to 1. It is hard to get more bipartisan than that.

It has received overwhelming bipartisan support because then and now the HALOS Act will help create needed jobs and grow our economy. I think we all know, Mr. Chairman, from listening to our constituents, jobs in the economy continue to be the number one issue of concern of the American people.

I commend the bipartisan sponsors of this bill, Mr. CHABOT, the chairman of the Small Business Committee, who we will hear from soon, and Ms. SINEMA, who serves with me on the Financial Services Committee. I also thank the six Republicans and four Democrats who joined them as original cosponsors.

These Members reached across the aisle and produced legislation that is especially important to America's small businesses. Let's remember, Mr. Chairman, that half-half—the people who work in this country earn or work at small businesses, which historically create two-thirds of all the new jobs in America. So small business—small business—is the job engine of America.

Our economy clearly works better for working Americans when small businesses thrive and they can focus on creating jobs rather than navigating bureaucratic red tape, red tape that disproportionately hurts the small businesses and startup companies that we are counting on to create jobs for our constituents.

Burdensome regulations make it harder for entrepreneurs to access startup capital, and they place credit out of reach for many who wish to start up a small business. Many of these harmful regulations arise from complicated laws, like the Dodd-Frank Act. Overall, small business loans are at a 25-year low, in large part due to regulatory burdens on our community banks and credit unions.

Even the former Director of the Small Business Administration, appointed by President Obama, admitted as much when she said: “Small banks have been laden with excessive costs and confusion from overlapping regulations, which are getting in the way of their ability to make small business loans.”

We simply must not allow our security laws to inhibit the free flow of investment capital to Main Street. The HALOS Act provides an important regulatory solution to make it easier for small businesses to attract investments and put both the “open for business” and “we are hiring” signs on their front doors.

The bill provides a clear path for startups to connect with angel investors and allows investors to make their own informed decisions. Angel investors, Mr. Chairman, have a huge impact on economic growth. Famous companies like Amazon, Costco, Google, Facebook, and Starbucks were all first funded by angel investors.

That is just how important this matter is. Today, approximately 600,000 employees earn their paychecks from working for these specific companies.

Unfortunately, when Washington bureaucrats get involved, we often see the dreaded “unintended consequences” of red tape. Five years ago, Congress passed the bipartisan JOBS Act to make it easier for business startups to gain access to critical capital. But the Securities and Exchange Commission instead issued regulations on angel investors that have the complete opposite effect. This is a problem Congress can easily fix by passing a bipartisan HALOS Act, which will ensure that funding from angel investors remains available to small business startups.

Mr. Chairman, you cannot have employees, unless you first have employers. You cannot have jobs without job creators. And that is what this bill is all about—jobs. It is about helping small businesses overcome misguided Washington red tape so they can create jobs.

I urge all Members to support this commonsense bipartisan bill.

I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to H.R. 79, the Helping Angels Lead Our Startups Act. This bill, under the guise of helping angel groups attract additional investors for small businesses and startups, would alter the balance between capital formation and investor protection that we sought to achieve in the JOBS Act.

Let me remind my colleagues of what we did in the wake of the financial crisis when bank lending was scarce. Our Nation's startups had trouble getting off the ground and attracting new capital. Previously, they had done so using rule 506, which allows companies to sell private securities to accredited investors who are financially savvy and have the means to bear their heightened risks and lack of SEC oversight. As a condition to using rule 506, however, companies could not solicit purchasers from or advertise to the general public.

□ 1415

This condition was viewed as a barrier to capital formation for startups. Therefore, Democrats worked with Republicans to provide companies in the JOBS Act with an alternative so that they could broadly advertise and solicit new investors.

Recognizing the need to balance investor protection with this expansion, Ranking Member WATERS offered an amendment requiring companies to take reasonable steps to verify that the ultimate purchaser was an accredited investor. This verification requirement is a necessary investor protection designed to prevent unsophisticated investors from purchasing—either accidentally or by fraudulent means—risky, illiquid, and lightly regulated Rule 506 securities.